

Vincent T. Goetten
Marlies de Boer
Pro Se Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:) Chapter 11

)
CELSIUS NETWORK LLC, *et al.*,¹⁾ Case No. 22-10964 (MG))
Debtors.) (Jointly Administered)
)

The Honorable Martin Glenn
Chief Bankruptcy Judge
United States Bankruptcy Court for the Southern District of New York
Alexander Hamilton U.S. Custom House
One Bowling Green New York, NY 10004

**MOTION OF PRO SEC CREDITORS FOR ORDER DIRECTING
IMMEDIATE COMMENCEMENT OF ORDERLY WIND-DOWN**

Dear Chief Judge Glenn,

Pro Sec Creditors, as self-represented parties, respectfully submits this motion for an order directing the immediate commencement of the orderly wind-down of Celsius Network LLC and its affiliated debtors (collectively, the "Debtors") and states as follows:

1) Introduction and Background

- The Debtors have undergone a series of legal and financial setbacks including their inability to manage assets effectively and comply with regulatory

¹⁾ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

requirements.

- Notwithstanding the efforts made to reorganize under Chapter 11, significant legal and operational challenges remain unresolved including issues related to the distribution of assets to creditors and compliance with various regulatory requirements.

2) Failure to Secure Necessary Approvals

- The Debtors have failed to obtain approval from the Securities and Exchange Commission (SEC) for their proposed reorganization plan which includes the NewCo Transaction—a reorganization that would create a new compliant public cryptocurrency company.
- The NewCo Transaction, though ambitious, hinges on regulatory approvals and market conditions that remain uncertain and unpredictable.
- As highlighted in the restructuring plan document, "Regulatory Approvals May Not Be Granted" section indicates that consummation of the Restructuring Transactions depends on obtaining such approvals.

3) Conflict of Interest Concerns

- There is a troubling potential conflict of interest concerning certain members of the Unsecured Creditors Committee. According to the plan, members have been promised NewCo Common Stock totaling 1.5% of the total shares as part of the Employee and NewCo Board Equity Compensation (Section 102 of the plan).
- This offer, which directly links the UCC members' personal financial gain to the outcome of the reorganization, raises serious questions about the impartiality of their decisions and actions within the committee. Such a scenario could compromise the equitable treatment of all creditors and undermine the integrity of the bankruptcy proceedings.

4) Need for Immediate Action

- In light of these significant issues including the failure to obtain necessary SEC approvals and the potential conflicts of interest among committee members, Pro Sec Creditor urges the Court to take immediate action to prevent further losses to hundreds of thousands of unsecured creditors.
- We respectfully request the Court to direct the immediate commencement of the orderly wind-down process for Celsius Network LLC and its affiliated debtors. This action is not only crucial for upholding the rights and interests of all creditors but is also necessary to maintain the integrity and fairness of the bankruptcy process.
- The orderly wind-down of Celsius Network LLC and its affiliated debtors represents the most viable and fair path forward for all parties involved, especially in the face of regulatory non-compliance and potential conflicts of interest. Pro Sec Creditor therefore respectfully requests that the Court grant this motion and order the immediate commencement of the wind-down process to preserve the interests of all stakeholders.

5) Evidence from the Restructuring Plan Document Regarding Orderly Wind Down

- The restructuring plan, as approved by the creditors, explicitly states that in the event of failure to obtain necessary approvals, such as from the SEC, the Debtors will pivot to an orderly wind down. This provision is clearly articulated in the plan, indicating that creditors, including Pro Sec Creditor, voted in favor of this course of action should the NewCo Transaction fail to receive regulatory approvals. Specifically, the plan states: "if you vote to accept the Plan you are voting to authorize the Debtors both to pursue the NewCo Transaction in the first instance and to pivot to the Orderly Wind Down if the Debtors the Committee and their respective advisors in good faith and in an exercise of their fiduciary duties elect to pursue the Orderly Wind Down".
- Given the failure to secure SEC approval for the NewCo Transaction, the conditions under which the Orderly Wind Down becomes the necessary course of action, as laid out in the restructuring plan, have been met. It is therefore in accordance with both the letter and the spirit of the plan, as voted on by the creditors, to proceed with the orderly wind down of Celsius Network LLC and its affiliated debtors.

Under 11 U.S.C. § 1129(a), a plan must comply with applicable regulatory requirements and ensure fair and equitable treatment of creditors. The Debtors' failure to obtain SEC approval and the disclosed conflicts of interest violate these fundamental principles.

In accordance with 11 U.S.C. § 1129(a)(7), the Court must ensure that each creditor receives at least as much as they would under a Chapter 7 liquidation. The immediate commencement of an orderly wind-down is essential to safeguarding the interests of the unsecured creditors, in line with this statutory requirement.

Given the documented failures and conflicts within the Debtors' proposed plan, and in line with the requirements of the U.S. Bankruptcy Code, we respectfully reassert our request for the Court to direct an immediate orderly wind-down of Celsius Network LLC and its affiliated debtors.

Respectfully submitted,

Vincent T. Goetten,
Marlies de Boer

/S/Vincent T. Goetten
/S/Marlies de Boer